

Richard L. Bruner CHAIR Timothy L. Lapointe Kelly Dolan Lange

Robert F. Holz Robert von Wolffradt Mary Mosiman

Philip Groner, Executive Director

Governor Kim Reynolds

Lt. Governor Adam Gregg

Iowa Telecommunications & Technology Commission Grimes State Office Building, 1st Floor 400 E. 14th Street, Des Moines, IA 50319 FINAL

December 20, 2018

To ensure the most efficient use of State resources, the December 20, 2018 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured that more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

• Roll Call:

Commissioners Present.

Richard Bruner, Chair (on-site)
Bob Holz, Member (on-site)
Timothy Lapointe, Member (Lightspeed Plus Video)
Kelly Dolan Lange, Member (Lightspeed Plus Video)
Robert von Wolffradt, Ex-Officio Member (Lightspeed Plus Phone)

Commissioners Absent:

Mary Mosiman, Ex-Officio Member

• Iowa Communications Network Staff Present:

Phil Groner, Executive Director
Deb Evans, Agency Division Administrator, Chief Financial Officer (CFO)
Mark Johnson, Carrier Services Division Administrator, Chief Operating Officer (COO)
Mike Cruise, Finance Bureau Manager
Randy Goddard, Business Services Bureau Manager
Scott Pappan, Engineering/Operations Bureau Manager
Ryan Mulhall, Network Services Bureau Manager
Dave Marley, Field Services Officer
Lori Larsen, Executive Officer 2
Jontell Harris, Executive Officer 2 (Recorder)

Guest Attendees:

Alan Nagel, Attorney General's Office Sean Corey, CenturyLink Dylan Keller, Iowa Senate Republican Staff

Karen Alessio, Secretary 2 (Lightspeed Plus video)



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Call to Order:

• Chair Bruner called the meeting to order at 10:30 AM. It was noted that a quorum of members were present for the meeting.

Approval of the September 18, 2018, October 18, 2018 and November 15, 2018 Meeting Minutes:

Chair Bruner requested to approve the September 18, 2018, October 18, 2018 and November 15, 2018
meeting minutes. Commissioner Holz moved to approve the minutes. Commissioner Lapointe seconded
the motion. The motion passed unanimously.

Commissioner Holz – Yes Commissioner Lange – Yes Commissioner Lapointe – Yes Commissioner Bruner – Yes

• New Business:

Agency Updates

■ Finance Update – Mike Cruise

- Monthly Revenues and Expenses:
 - The month of November resulted in an operating margin of \$198,435 or 6.3%. This is favorable compared to the budget of -\$221,142.46 by \$419,000.
 - Revenue was above budget by \$782,000 due to billing \$707,000 in one-time revenues for equipment and colocation to Homeland Security and Emergency Management (HSEMD) for the 911 project.
 - Direct expenses were unfavorable to the budget \$86,000.
 - Allocated indirect operating expenses were \$158,000 unfavorable to the budget.
 - Payroll was \$101,000 unfavorable to the budget due to the November actual
 cash payments for two payroll periods involving insurance. The ICN should have
 accrued more expense in October so the difference created extra expense for
 November and created overage for payroll in November.
- Year-to-Date Revenues and Expenses:
 - The November year-to-date operating margin was -\$1,318,674.94, favorable to the budgeted margin of -\$1,469,607.30.

Richard L. Bruner CHAIR Timothy L. Lapointe Kelly Dolan Lange

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- The gross margin was favorable by \$925,000 including the \$707,000 billed in the month of November for equipment and colocation for the 911 project.
- Direct expenses were unfavorable by \$513,000.
- Allocated operating expenses were unfavorable by \$141,000.
- General administrative expenses were unfavorable by \$159,000.
- November Comparison to FY 2018:
 - The operating margin for November FY 2019 is \$864,000 favorable to November FY 2018.
 - Gross margin increased by \$775,000 due to the 911 project billing.
 - Direct expenses were favorable \$176,000.
 - Payroll travel expenses were unfavorable by \$166,000.
- Year-to-Date Comparison to FY 2018:
 - The negative November operating margin of \$1,318,674.94 is \$1.1 million favorable to the FY 2018 margin of -\$2,398,777.38
 - Revenue has increased \$364,000.
 - Overall, direct expenses were favorable by \$270,000.
 - Allocated operating expenses were favorable by \$589,000.
 - General administrative expenses were unfavorable by \$257,000.
- Five-Year Trend (FY 2014 FY 2018) Report:
 - In FY 2017 there was a decrease in network equipment due to over \$7.5 million being spent for the network and power upgrades.
 - Voice revenue has trended up since a dip from FY 2014 FY 2015. The dip was primarily due to FY 2014 including two major phone installs at Mitchellville and Fort Madison prisons. Otherwise, voice had minor climbs from year to year.
 - Transport and internet revenue did decrease from FY 2017 FY 2018 largely due to rate decreases that were implemented and some loss of bids on USAC.
 - Security services were added in FY 2017.
 - Account methods were modified starting in FY 2017. The Finance bureau tried to apply expenses directly to the services.
 - Outside of spending that was done for non-normal expenses such as implementing ServiceNow, a move is indicated from the allocated expenses up to the direct expenses starting in FY 2017 and in FY 2018 in comparison to FY 2014 - FY 2016.

COMMENTS:

Chair Bruner: This was a good idea. It really shows how things have evolved over the five years and the fact that we have gone from more allocated to direct expensing.

Business Services Update - Randy Goddard

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- Managed Voice Services (MVS):
 - Currently over 6,000 seats of approximately over 8,000 seats have been migrated. This
 is important because it will allow the ICN to sunset some of the legacy voice services
 once the migration is complete.
 - Recent buildings and phones that have been moved to MVS include: the Capitol, Oran Pape building, Wallace building, Ankeny labs and the new lowa Finance Authority building.
- HSEMD 911 Wireline Project:
 - Revenues for one time billings associated with colocation, power and racks were provided for HSEMD vendors in both Joint Forces Headquarters (JFHQ) and SP-43.
 - Equipment for aggregation is being stored in the ICN warehouse.
 - Internet circuits remain in place during this period while the ICN is instituting a Move, Adds and Changes (MAC) freeze.
 - The CAMA trunk aggregation Request for Proposals (RFP) is going to be reissued. The
 initial responses were non-compliant with the established rules resulting in the
 cancelation of the first RFP. All vendors were notified.
- o E-rate Season:
 - E-rate season has begun.
 - The E-rate program provides discounts of up to 90% to help eligible schools and libraries obtain affordable telecommunication services and internet access.
 - The Form for school and library requests for services is due February 22, 2019.
 - The Form 471 for the award of the selected vendor is due March 22, 2019.

COMMENTS:

Chair Bruner: I know we had to cancel the CAMA Trunk RFP and that we are issuing a new RFP. I noticed that there was a lot of variance in the bids, is that the problem? No one met the requirements?

Randy Goddard: Correct. Each respondent did not meet the requirements for different reasons. No one fully met the requirements of the responses.

Chair Bruner: Will we have a Bidder's Conference prior to the release of the next RFP so that everyone knows what the common ground is?

Randy Goddard: Yes, we will have a Bidder's Conference in advance.

Chair Bruner: Sounds like there was a lot of confusion over the responses, terms and that kind of thing.

Randy Goddard: I would concur with that. During the question and answer period, we did receive quite a few questions and we tried to add clarity at that time.

Chair Bruner: Apparently there is time to go back out for bid. That's not an issue.

Randy Goddard: Yes, we have had discussions with the HSEMD management team. We are still in good standing in relation to timelines.

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ICN Carrier Updates

Network Services Update - Ryan Mulhall

Several processes and workflows have been implemented such as the process for when the ICN bills a customer, automation of processes and the workflow for the ICN Reservationless Plus voice conference service. More work is being completed on the back end of several workflows to improve response times as well as system resources to improve the experience for those who do the fulfilling and delivery of services at the ICN. Focus has been put on better utilizing ServiceNow at the ICN with help from the integrator INRY. ServiceNow has pledged to complete development work with the ICN after January 1, 2019 to help discover network assets for specific equipment.

Proof of Concepts (POCs) are being completed in the Security division to expand the network and security visibility using artificial intelligence and behavior based technology versus traditional methods. Technologies have rapidly improved and provide operational value as well as security data and incident discovery. The ICN has solved numerous IT problems for customers during the POCs.

An RFP has been released seeking a managed wireless and managed LAN provider to offer services to customers. The basis would allow the ICN the service that manages customer networks using an OpEx model similar to what is used for MVS and Managed Firewall Services. The wireless service will be category 2 E-Rate eligible. Vendor questions have been received, answered and responses are due back to the ICN by December 24, 2018. The potential ability to bundle these services with internet and other ancillary services such as structured cable and wiring is very appealing. Customers have been requesting such services for many years.

COMMENTS:

Chair Bruner: So we will have a suite of services? Do we have a name for them yet?

Ryan Mulhall: We haven't gotten that far into product development but managed wireless and managed Local Area Network (LAN) will probably be what we decide.

Chair Bruner: I would think that would be a very attractive offering because we are actually taking a lot of the technical problems away from the people that probably do not want them.

■ Engineering/Operations Update - Scott Pappan

The power upgrade is going well. Approximately 70% of the power infrastructure and the foundation of the network is being reworked and fixed. The power project is still scheduled to be completed sometime in January or February of 2019.

The Newton cut went exceptionally well. ICN's Outside Plant, Network Operations Center (NOC), Fiber Network Services (FNS), as well as ICN engineering and operations were thanked for their contributions to the effort. Best practices learned from the Tiffin project were applied to the Newton cut to improve efficiency.

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The 100 Gb network is moving forward. Four locations are passing 100 Gb: Lucas building, JFHQ, Boone and Creston. Next steps will include Council Bluffs, Mason City and Denison locations, which will be completed after the holidays.

The hosted 911 platform is being installed. JFHQ and Tiffin are completing orders. The engineering orders have been issued to FNS and are being installed.

The Time-Division Multiplexing (TDM) Ethernet network is moving along as well. Initial billing is being completed. The ICN is waiting to submit the RFPs to support the direction of HSEMD.

911 project orders are being completed as well as configurations for edge devices for the Iowa Rural Health Telecommunications Program (IRHTP). Starting January 1, 2019, equipment installation for edge locations will begin along with updates to the network.

To position the ICN with automation, a VMware platform is being built that allows over the top services to provide more services for customers. The lab in which the process will be developed is up and running. Failover capacity and disaster recovery software will be determined and POCs will be completed. After testing is completed, the platform will move into production.

MVS engineering is coming to a close within the next few months. The focus will then be on tearing down the old platforms.

COMMENTS:

Chair Bruner: Those are great projects. Sounds like we are moving right on schedule.

Other Business:

Legislative Update - Mark Johnson

The legislature will convene the second week in January. The ICN legislative proposal has been approved, drafted and is available on the legislative website as a pre-filed bill. The legislation is to eliminate the Education Telecommunications Council (ETC) and the Regional Telecommunications Council (RTC), as well as the structure because the councils have become outdated based upon conversations with the Department of Education (DE) and council members. Funding used to be provided to the groups providing some functionality. The funding has been removed. It has been difficult obtaining members for the councils resulting in the recommendation to eliminate the structure.

COMMENTS:

Chair Bruner: There is a lot going on in the Governor's Office.

Mark Johnson: There is a new Chief of Staff. We do also have a new liaison. I would guess that it is temporary. We are waiting to see when their final determinations are made as to their policy assignments. You may have

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also seen in the press that many agency heads have resigned. That is not atypical after an election, especially a gubernatorial election. Even if it is the same governor, you will potentially see a number of changes. I am not aware of anything else eminent. We just have to wait to see what happens.

ACTION - Maintenance Contracts Report - Mark Johnson

A Maintenance Contracts report is submitted to the legislature every year. It is required under the ICN statute. The report primarily focuses on the network managed services contract which used to be Windstream but has been FNS for the last four years. The report indicates that the ICN is moving forward with negotiations to renew the contract for another five year term as provided in the RFP and contract entered into with FNS previously. The ICN also has part III contracts that are monitored that provide connections to part III users such as K-12 schools. The ICN monitors 286 connections that are provided through the private sector and leased connections. There are also other maintenance contracts that ICN monitors and primarily those contracts are for equipment that is purchased for the network. The maintenance contract will normally have the same length of term as the equipment that is purchased. ICN ensures quality maintenance is received until that equipment is removed from the network or until it is replaced. The recommendation is that the Commission finds that the maintenance contracts and the vendors are capable of providing the services and funding should continue. The statute specifically requests a recommendation on continued funding of those contracts stemming back to the when the ICN was created.

COMMENTS:

NONE.

Commissioner Lange moved to continue funding support for all maintenance contracts. Commissioner Holz seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes Commissioner Lange – Yes Commissioner Lapointe – Yes Commissioner Bruner – Yes

ITTC Committee Update - Staff/Commission

Customer and Services Committee - Randy Goddard

The Customer and Services Committee did not meet in December. The committee will resume meeting in January 2019.

Finance Committee – Mike Cruise

The Finance Committee met on December 17, 2018. The committee discussed financial reports and the FY 2018 Annual Report.

Personnel Committee - Mark Johnson

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The Personnel Committee met on December 4. An update was provided on currently vacant positions as well as positions in the process of being filled.

COMMENTS:

NONE.

o ACTION - 2019 ITTC Meeting Dates - Jontell Harris

Approval was requested for the proposed 2019 ITTC meetings which are scheduled for the third Thursday of every month to take place beginning at 10:30 AM. Every other month is intended to be an in-person meeting. The alternating months are scheduled for Lightspeed video conferences or conference call meetings unless otherwise determined by the Chair. All meetings are subject to cancellation and additional meetings may be called as determined by the Chair.

Commissioner Holz moved to approve the proposed 2019 ITTC meeting dates. Commissioner Lange seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes Commissioner Lange – Yes Commissioner Lapointe – Yes Commissioner Bruner – Yes

COMMENTS:

NONE.

 Auditor Mosiman and Chief Information Officer (CIO) von Wolffradt Recognition – Staff/Commission

Auditor Mosiman and CIO von Wolffradt have served on the ITTC for several years. Their last Commission meeting was December 20, 2018. Chair Bruner expressed appreciation on behalf of the Commission, staff, and customers for their years of service. Chair Bruner expressed that though the agency has endured very difficult times and tough decisions over the past years, CIO von Wolffradt and Auditor Mosiman have provided input and have been very loyal attendees. Both CIO von Wolffradt and Auditor Mosiman were presented with cards of appreciation and plaques from the ITTC.

COMMENTS:

CIO von Wolffradt: Thank you and it has been my honor to serve with this distinguished Commission. I think you guys do it right and the ICN has a positive future. Thank you for the opportunity.

Commissioner Lapointe: I second Chair Bruner's comments. Well said. Thank you Bob. I thanked Mary at the last meeting. It has always been a team effort and I've always been impressed with the way everyone has worked together for the good of the network. Best of luck in the future, Bob.

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CIO von Wolffradt: Thank you.

Additional Comments - Staff/Commission

Phil Groner: Governor Reynolds has started an Empower Rural lowa Initiative. The Governor received initial recommendations from three Task Forces charged with identifying needed legislative, regulatory and policy changes as part of the initiative. In relation to the ICN, the Connecting Rural lowa Task Force provided the following recommendations:

Connecting Rural Iowa Task Force

- Optimize the existing broadband grant program to ensure state funding stretches as far as possible
 - o In 2018, \$1.3 million was allocated from the Rebuild Iowa Infrastructure fund.
 - The Task Force wants to be sure the money is focused and made available for five key areas:
 - Mapping
 - Future ready
 - Platform neutral
 - Prioritize low connectivity areas
 - Reward partnerships including public/private partnerships
- Identify a consistent source of funding for the broadband grant program
 - Last funded in the 2018 legislative session at \$1.3 million, although the program was created in 2015.
 - The Task Force recommended that revenues from online sales tax or gaming revenues be used.

COMMENTS:

Chair Bruner: Dave Duncan, Chief Executive Officer (CEO) of Iowa Communications Alliance, headed up the Connecting Rural Iowa Task Force. The meetings were well attended by Iowa telecommunications organizations.

Phil Groner: Yes, many stakeholders were present for the meetings.

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NONE.

Adjournment:

Commissioner Holz moved that the meeting be adjourned. The ITTC meeting adjourned at 11:04 a.m.

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

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ATTESTED TO:

Richard Bruner - Chair, Iowa Telecommunications and Technology Commission